

House Bill 4173

Sponsored by COMMITTEE ON RULES (at the request of Representative Tina Kotek)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Repeals greenhouse gas emissions reduction goals. Directs Environmental Quality Commission to adopt by rule statewide greenhouse gas emissions limits.

Authorizes commission to adopt by rule greenhouse gas regulatory programs.

Declares emergency, effective on passage.

A BILL FOR AN ACT

Relating to greenhouse gas emissions; creating new provisions; amending ORS 184.617, 184.621, 283.398, 283.401, 468A.005, 468A.210, 468A.235, 468A.240, 468A.250, 468A.260, 468A.265, 468A.279, 468A.280, 757.357 and 757.528; repealing ORS 468A.205; and declaring an emergency.

Be It Enacted by the People of the State of Oregon:

“GREENHOUSE GAS” DEFINED FOR PURPOSES OF AIR QUALITY LAWS

SECTION 1. ORS 468A.005 is amended to read:

468A.005. As used in ORS chapters 468, 468A and 468B, unless the context requires otherwise:

(1) “Air-cleaning device” means any method, process or equipment [*which*] **that** removes, reduces or renders less noxious air contaminants prior to their discharge in the atmosphere.

(2) “Air contaminant” means a dust, fume, gas, mist, odor, smoke, vapor, pollen, soot, carbon, acid or particulate matter or any combination thereof.

(3) “Air contamination” means the presence in the outdoor atmosphere of one or more air contaminants [*which*] **that** contribute to a condition of air pollution.

(4) “Air contamination source” means any source at, from, or by reason of which there is emitted into the atmosphere any air contaminant, regardless of who the person may be who owns or operates the building, premises or other property in, at or on which such source is located, or the facility, equipment or other property by which the emission is caused or from which the emission comes.

(5) “Air pollution” means the presence in the outdoor atmosphere of one or more air contaminants, or any combination thereof, in sufficient quantities and of such characteristics and of a duration as are or are likely to be injurious to public welfare, to the health of human, plant or animal life or to property or to interfere unreasonably with enjoyment of life and property throughout such area of the state as shall be affected thereby.

(6) “Area of the state” means any city or county or portion thereof or other geographical area of the state as may be designated by the Environmental Quality Commission.

(7) “Greenhouse gas” **includes, but is not limited to, carbon dioxide, methane, nitrous**

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 oxide, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride and nitrogen trifluoride.

2
3 STATEWIDE GREENHOUSE GAS EMISSIONS LIMITS
4

5 **SECTION 2.** ORS 468A.205 is repealed.

6 **SECTION 3.** Section 4 of this 2020 Act is added to and made a part of ORS chapter 468A.

7 **SECTION 4.** (1) As used in this section, “statewide greenhouse gas emissions” means:

8 (a) The total annual emissions of greenhouse gases in this state; and

9 (b) All emissions of greenhouse gases from outside this state that are attributable to the
10 generation of electricity that is delivered to and consumed in this state, accounting for
11 transmission and distribution line losses.

12 (2) The Environmental Quality Commission shall adopt by rule:

13 (a) A statewide greenhouse gas emissions limit that, for the year 2035, requires
14 greenhouse gas emissions to be reduced to levels that are at least 45 percent below 1990
15 levels; and

16 (b) A statewide greenhouse gas emissions limit that, for the year 2050, requires
17 greenhouse gas emissions to be reduced to levels that are at least 80 percent below 1990
18 levels.

19
20 AUTHORIZATION FOR ENVIRONMENTAL QUALITY COMMISSION
21 TO ADOPT GREENHOUSE GAS REGULATORY PROGRAMS
22

23 **SECTION 5.** (1) Section 7 of this 2020 Act becomes operative on August 1, 2021.

24 (2) Any rules adopted by the Environmental Quality Commission under section 7 of this
25 2020 Act may not become operative until January 1, 2022.

26 **SECTION 6.** Section 7 of this 2020 Act is added to and made a part of ORS chapter 468A.

27 **SECTION 7.** (1) The Environmental Quality Commission shall, by rule, adopt programs
28 for regulating greenhouse gas emissions attributable to:

29 (a) Persons in control of air contamination sources of any class for which registration
30 and reporting are required under ORS 468A.050;

31 (b) Persons who import, sell, allocate or distribute electricity for use in this state;

32 (c) Persons who import, sell, allocate or distribute natural gas for use in this state; and

33 (d) Persons who import, sell or distribute for use in this state liquid or gaseous fuel other
34 than natural gas that emits greenhouse gases when combusted.

35 (2) The purpose of programs adopted under this section shall be to reduce the total
36 anthropogenic greenhouse gas emissions by all persons subject to each program as a
37 proportionate share of statewide greenhouse gas emissions, as defined in section 4 of this
38 2020 Act, that must be reduced to prevent exceedance of the statewide greenhouse gas
39 emissions limits established under section 4 of this 2020 Act.

40 (3) The commission by rule may adopt a schedule of fees reasonably calculated not to
41 exceed the costs to the Department of Environmental Quality in developing and administer-
42 ing programs adopted under this section.

43
44 CONFORMING PROVISIONS
45

SECTION 8. ORS 184.617 is amended to read:

184.617. (1) The Oregon Transportation Commission shall:

(a) Establish the policies for the operation of the Department of Transportation in a manner consistent with the policies and purposes of ORS 184.610 to 184.665.

(b) Develop and maintain state transportation policies, including but not limited to policies related to the management, construction and maintenance of highways and other transportation systems in Oregon, including but not limited to aviation, ports and rail.

(c) Develop and maintain a comprehensive, 20-year long-range plan for a safe, multimodal transportation system for the state which encompasses economic efficiency, orderly economic development and environmental quality. The comprehensive, long-range plan:

(A) Must include, but not be limited to, aviation, highways, mass transit, ports, rails and waterways; and

(B) Must be used by all agencies and officers to guide and coordinate transportation activities and to ensure transportation planning utilizes the potential of all existing and developing modes of transportation.

(d) In coordination with the State Marine Board, the Oregon Business Development Department, the State Aviation Board, cities, counties, mass transit districts organized under ORS 267.010 to 267.394 and transportation districts organized under ORS 267.510 to 267.650, develop plans for each mode of transportation and multimodal plans for the movement of people and freight. Subject to paragraph (c) of this subsection, the plans must include a list of projects needed to maintain and develop the transportation infrastructure of this state for at least 20 years in the future.

(e) For the plans developed under paragraph (d) of this subsection, include a list of projects for at least 20 years into the future that are capable of being accomplished using the resources reasonably expected to be available. As the plans are developed by the commission, the Director of Transportation shall prepare and submit implementation programs to the commission for approval. Work approved by the commission to carry out the plans shall be assigned to the appropriate unit of the Department of Transportation or other appropriate public body, as defined in ORS 174.109.

(f) Initiate studies, as it deems necessary, to guide the director concerning the transportation needs of Oregon.

(g) Prescribe the administrative practices followed by the director in the performance of any duty imposed on the director by law.

(h) Seek to enter into intergovernmental agreements with local governments and local service districts, as those terms are defined in ORS 174.116, to encourage cooperation between the department and local governments and local service districts to maximize the efficiency of transportation systems in Oregon.

(i) Review and approve the department's:

(A) Proposed transportation projects, as described in the Statewide Transportation Improvement Program, and any significant transportation project modifications, as determined by the commission;

(B) Proposed budget form prior to the department submitting the form to the Oregon Department of Administrative Services under ORS 291.208;

(C) Anticipated capital construction requirements;

(D) Construction priorities; and

(E) Selection, vacation or abandonment of state highways.

(j) Adopt a statewide transportation strategy on greenhouse gas emissions to aid in achieving the greenhouse gas emissions reduction goals set forth in ORS 468A.205 (**2019 Edition**). The com-

1 mission shall focus on reducing greenhouse gas emissions resulting from transportation. In develop-
2 ing the strategy, the commission shall consider state and federal programs, policies and incentives
3 related to reducing greenhouse gas emissions. The commission shall consult and cooperate with
4 metropolitan planning organizations, other state agencies, local governments and stakeholders and
5 shall actively solicit public review and comment in the development of the strategy. **The commis-**
6 **sion shall periodically assess, update and modify the strategy as necessary to prevent**
7 **exceedance of the statewide greenhouse gas emissions limits established under section 4 of**
8 **this 2020 Act.**

9 (k) Perform any other duty vested in it by law.

10 (2) The commission has general power to take any action necessary to coordinate and administer
11 programs relating to highways, motor carriers, motor vehicles, public transit, rail, transportation
12 safety and such other programs related to transportation.

13 (3) The commission may require the director to furnish whatever reports, statistics, information
14 or assistance the commission may request in order to study the department or transportation-related
15 issues.

16 **SECTION 9.** ORS 283.398 is amended to read:

17 283.398. (1) As used in this section and ORS 283.401, “zero-emission vehicle” means a battery
18 electric vehicle, a plug-in hybrid electric vehicle or a hydrogen fuel cell vehicle or any type of ve-
19 hicle defined by the State Department of Energy or the Environmental Quality Commission by rule
20 as a “zero-emission vehicle” if the vehicle’s type and fuel are consistent with the goals set forth in
21 this section.

22 (2) The Legislative Assembly finds that:

23 (a) Motor vehicle emissions contribute significantly to air pollution in this state.

24 (b) In 2019, the Oregon transportation sector was responsible for approximately 40 percent of
25 this state’s greenhouse gas emissions, and light-duty vehicles were responsible for more than half
26 of the transportation sector’s emissions.

27 (c) Motor vehicle emissions, especially greenhouse gases, are difficult to reduce and will rise
28 over time if not limited by additional laws and regulations.

29 (d) Absent significant changes in the types of motor vehicles used by people and businesses in
30 Oregon, the state will not meet the greenhouse gas emissions [*reduction goals set forth in ORS*
31 *468A.205*] **limits established under section 4 of this 2020 Act.**

32 (e) In ORS 757.357, the Legislative Assembly found that transportation electrification is neces-
33 sary to reduce petroleum use, achieve optimum levels of energy efficiency and carbon reduction,
34 meet federal and state air quality standards, meet this state’s greenhouse gas emissions [*reduction*
35 *goals set forth in ORS 468A.205*] **limits established under section 4 of this 2020 Act** and improve
36 the public health and safety.

37 (f) Existing federal and state incentives and programs are insufficient to transform the motor
38 vehicle market on a timeline that will protect Oregonians from the worst impacts of global climate
39 change.

40 (g) The purchase and ownership of zero-emission vehicles can reduce the overall energy costs
41 paid by Oregon households and the specific costs associated with meeting transportation needs.

42 (h) A robust and well-operating market for zero-emission vehicles is essential to meeting this
43 state’s greenhouse gas emissions reduction goals.

44 (i) Certain residents and communities face greater barriers to purchasing or leasing zero-
45 emission vehicles, and additional support and innovative solutions are necessary to ensure that all

1 Oregon households benefit from transportation electrification.

2 (3) The Legislative Assembly declares the following goals:

3 (a) Transformation of the motor vehicle market must occur no later than 2035.

4 (b) Programs and support must be provided to accelerate Oregonians' purchase and use of
 5 zero-emission vehicles until greenhouse gas emissions from vehicles are declining at a rate consist-
 6 ent with [*this state's greenhouse gas emissions reduction goals set forth in ORS 468A.205*] **section 4**
 7 **of this 2020 Act.**

8 (c) The adoption and use of zero-emission vehicles must be evaluated regularly to determine
 9 whether the rate of the adoption and use of zero-emission vehicles will put the state on course to
 10 [*meet its greenhouse gas emissions reduction goals*] **prevent exceedance of the statewide**
 11 **greenhouse gas emissions limits.**

12 (4) To promote acquisition and use of zero-emission vehicles, all entities of the executive de-
 13 partment, as defined in ORS 174.112, shall lead by example by:

14 (a) Purchasing or leasing light-duty or medium-duty zero-emission vehicles, consistent with ORS
 15 283.327, when purchasing or leasing vehicles;

16 (b) Adopting policies and rules that promote the goals set forth in this section; and

17 (c) Considering recommendations submitted in the report required by ORS 283.401 that relate
 18 to zero-emission vehicles and adopting the recommendations when feasible.

19 **SECTION 10.** ORS 283.401 is amended to read:

20 283.401. (1) On or before September 15 of each odd-numbered year, the State Department of
 21 Energy shall submit to the Governor and an interim committee of the Legislative Assembly related
 22 to the environment a report on adoption of zero-emission vehicles in this state and the progress the
 23 state is making to achieve reductions in greenhouse gas emissions in the transportation sector. The
 24 report shall provide:

25 (a) A review, using existing studies, market reports, polling data or other publicly available in-
 26 formation, of the market in this state for zero-emission vehicles and any barriers to adopting zero-
 27 emission vehicles in this state;

28 (b) An assessment of the state's progress in promoting the goals set forth in ORS 283.398; and

29 (c) The date on which the state is predicted to meet the goals set forth in ORS 283.398.

30 (2) The department may contract with third parties to assist in performing the duties described
 31 in subsection (1) of this section.

32 (3) The department shall assess the state's progress under subsection (1)(b) of this section. The
 33 assessment must focus on commercially available, or near-commercially available, zero-emission ve-
 34 hicle technology, to the extent possible, and rely on existing studies, data and analysis. In the as-
 35 sessment, the department shall evaluate:

36 (a) Whether the transportation sector is on course to reduce the share of greenhouse gas emis-
 37 sions from motor vehicles, as defined in ORS 801.360, consistent with [*the greenhouse gas emissions*
 38 *reduction goals set forth in ORS 468A.205*] **section 4 of this 2020 Act.**

39 (b) The sales figures and numbers of zero-emission vehicles that are owned in Oregon, including
 40 forecasts as to whether:

41 (A) By 2020, 50,000 registered motor vehicles will be zero-emission vehicles;

42 (B) By 2025, at least 250,000 registered motor vehicles will be zero-emission vehicles;

43 (C) By 2030, at least 25 percent of registered motor vehicles, and at least 50 percent of new
 44 motor vehicles sold annually, will be zero-emission vehicles; and

45 (D) By 2035, at least 90 percent of new motor vehicles sold annually will be zero-emission ve-

1 hicles.

2 (c) The sales figures and numbers of zero-emission vehicles that are owned in Oregon, differen-
 3 tiated, to the extent feasible, by demographic factors, including whether persons that own zero-
 4 emission vehicles reside in urban or rural areas.

5 (d) The availability and reliability of public and private electric vehicle charging infrastructure
 6 that is needed to support the targets for zero-emission vehicle sales and registration identified in
 7 paragraph (b) of this subsection. The department shall assess reliability under this paragraph only
 8 if the department requests and obtains information on reliability from providers of electric vehicle
 9 charging infrastructure.

10 (e) The incremental purchase cost difference, before and after federal and state incentives, be-
 11 tween the purchase cost of a zero-emission vehicle and the purchase cost of a comparable vehicle
 12 powered by an internal combustion engine.

13 (f) The zero-emission vehicles that are available for purchase in all market segments.

14 (g) Oregonians’ awareness of motor vehicle options, the benefits of owning zero-emission vehicles
 15 and the true costs of motor vehicle ownership.

16 (h) The carbon intensity of fuel consumed by the Oregon transportation sector as a whole.

17 (i) The general progress toward electrification of all fossil fuel-based transportation modes.

18 (j) Opportunities to minimize impacts to the electric grid from transportation electrification, in-
 19 cluding rate design, managed charging, vehicle-to-grid services and electricity conservation tech-
 20 niques.

21 (k) In consultation with the Department of Transportation, the impact of the sales and owner-
 22 ship of zero-emission vehicles on revenues that would otherwise accrue to the State Highway Fund
 23 under ORS 366.505.

24 (4) If the State Department of Energy determines that the state is not on course to meet the
 25 goals set forth in ORS 283.398, the department shall make recommendations in the report required
 26 by this section, including recommendations for legislation. Recommended legislation:

27 (a) May not mandate required levels of motor vehicle sales.

28 (b) Must promote the zero-emission vehicle market, address barriers to adoption of zero-emission
 29 vehicles in the light-duty portion of the transportation sector, encourage transportation
 30 electrification and further the goals set forth in ORS 283.398.

31 **SECTION 11.** ORS 468A.210 is amended to read:

32 468A.210. As used in ORS 352.823 and 468A.200 to 468A.260,[:]

33 [(1)] “global warming” means an increase in the average temperature of the earth’s atmosphere
 34 that is associated with the release of greenhouse gases.

35 [(2)] “Greenhouse gas” means any gas that contributes to anthropogenic global warming including,
 36 but not limited to, carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and
 37 sulfur hexafluoride.]

38 [(3)] “Greenhouse gas cap-and-trade system” means a system that:]

39 [(a) Establishes a total cap on greenhouse gas emissions from an identified group of emitters;]

40 [(b) Establishes a market for allowances that represent emissions; and]

41 [(c) Allows trading of allowances among greenhouse gas emitters.]

42 **SECTION 12.** ORS 468A.235 is amended to read:

43 468A.235. The Oregon Global Warming Commission shall recommend ways to coordinate state
 44 and local efforts to reduce greenhouse gas emissions in Oregon consistent with [*the greenhouse gas*
 45 *emissions reduction goals established by ORS 468A.205*] **section 4 of this 2020 Act** and shall re-

1 commend efforts to help Oregon prepare for the effects of global warming. The Office of the Gov-
 2 ernor and state agencies working on multistate and regional efforts to reduce greenhouse gas
 3 emissions shall inform the commission about these efforts and shall consider input from the com-
 4 mission for such efforts.

5 **SECTION 13.** ORS 468A.240 is amended to read:

6 468A.240. (1) In furtherance of [*the greenhouse gas emissions reduction goals established by ORS*
 7 *468A.205*] **section 4 of this 2020 Act**, the Oregon Global Warming Commission may recommend
 8 statutory and administrative changes, policy measures and other recommendations to be carried out
 9 by state and local governments, businesses, nonprofit organizations or residents. In developing its
 10 recommendations, the commission shall consider economic, environmental, health and social costs,
 11 and the risks and benefits of alternative strategies, including least-cost options. The commission
 12 shall solicit and consider public comment relating to statutory, administrative or policy recommen-
 13 dations.

14 [(2) *The commission shall examine greenhouse gas cap-and-trade systems, including a statewide*
 15 *and multistate carbon cap-and-trade system and market-based mechanisms, as a means of achieving the*
 16 *greenhouse gas emissions reduction goals established by ORS 468A.205.*]

17 [(3)] (2) The commission shall examine possible funding mechanisms to obtain low-cost
 18 greenhouse gas emissions reductions and energy efficiency enhancements, including but not limited
 19 to those in the natural gas industry.

20 **SECTION 14.** ORS 468A.250 is amended to read:

21 468A.250. (1) The Oregon Global Warming Commission shall track and evaluate:

22 (a) Economic, environmental, health and social assessments of global warming impacts on
 23 Oregon and the Pacific Northwest;

24 (b) Existing greenhouse gas emissions reduction policies and measures;

25 (c) Economic, environmental, health and social costs, and the risks and benefits of alternative
 26 strategies, including least-cost options;

27 (d) The physical science of global warming;

28 (e) Progress toward [*the greenhouse gas emissions reduction goals established by ORS 468A.205*]
 29 **preventing exceedance of the statewide greenhouse gas emissions limits established under**
 30 **section 4 of this 2020 Act;**

31 (f) Greenhouse gases emitted by various sectors of the state economy, including but not limited
 32 to industrial, transportation and utility sectors;

33 (g) Technological progress on sources of energy the use of which generates no or low
 34 greenhouse gas emissions and methods for carbon sequestration;

35 (h) Efforts to identify the greenhouse gas emissions attributable to the residential and commer-
 36 cial building sectors;

37 (i) The carbon sequestration potential of Oregon's forests, alternative methods of forest man-
 38 agement that can increase carbon sequestration and reduce the loss of carbon sequestration to
 39 wildfire, changes in the mortality and distribution of tree and other plant species and the extent to
 40 which carbon is stored in tree-based building materials;

41 (j) The advancement of regional, national and international policies to reduce greenhouse gas
 42 emissions;

43 (k) Local and regional efforts to prepare for the effects of global warming; and

44 (L) Any other information, policies or analyses that the commission determines will aid in [*the*
 45 *achievement of the greenhouse gas emissions reduction goals established by ORS 468A.205*] **preventing**

1 **exceedance of the statewide greenhouse gas emissions limits established under section 4 of**
 2 **this 2020 Act.**

3 (2) The commission shall:

4 (a) Work with the State Department of Energy and the Department of Environmental Quality
 5 to evaluate all gases with the potential to be greenhouse gases and to determine a carbon dioxide
 6 equivalency for those gases; and

7 (b) Use regional and national baseline studies of building performance to identify incremental
 8 targets for the reduction of greenhouse gas emissions attributable to residential and commercial
 9 building construction and operations.

10 **SECTION 15.** ORS 468A.260 is amended to read:

11 468A.260. The Oregon Global Warming Commission shall submit a report to the **appropriate**
 12 **interim committee of the** Legislative Assembly, in the manner provided by ORS 192.245, by [*March*
 13 *31 of each odd-numbered*] **September 15 of each even-numbered** year that describes Oregon's
 14 progress toward [*achievement of the greenhouse gas emissions reduction goals established by ORS*
 15 *468A.205*] **preventing exceedance of the statewide greenhouse gas emissions limits established**
 16 **under section 4 of this 2020 Act.** The report may include relevant issues and trends of significance,
 17 including trends of greenhouse gas emissions, emerging public policy and technological advances.
 18 The report also may discuss measures the state may adopt to mitigate the impacts of global warming
 19 on the environment, the economy and the residents of Oregon and to prepare for those impacts.

20 **SECTION 16.** ORS 468A.265 is amended to read:

21 468A.265. As used in ORS 468A.265 to 468A.277:

22 (1) "Biodiesel" means a motor vehicle fuel consisting of mono-alkyl esters of long chain fatty
 23 acids derived from vegetable oils, animal fats or other nonpetroleum resources, not including palm
 24 oil.

25 (2) "Clean fuels program" means the program adopted by rule by the Environmental Quality
 26 Commission under ORS 468A.266 (1)(b).

27 (3) "Compliance period" means the calendar year during which a regulated party must demon-
 28 strate compliance with the low carbon fuel standards through participation in the clean fuels pro-
 29 gram.

30 (4) "Credit" means a unit of measure generated when a fuel with a carbon intensity that is less
 31 than the applicable low carbon fuel standard is produced, imported or dispensed for use in Oregon,
 32 such that one credit is equal to one metric ton of carbon dioxide equivalent.

33 (5) "Credit aggregator" means a person who voluntarily registers to participate in the clean
 34 fuels program to facilitate credit generation on behalf of a credit generator and to trade credits with
 35 regulated parties, credit generators and other credit aggregators.

36 (6) "Credit generator" means a person eligible to generate credits by providing fuels for use in
 37 Oregon with carbon intensities less than the applicable low carbon fuel standard.

38 (7) "Deferral" means a delay or change in the applicability of a scheduled applicable low carbon
 39 fuel standard for a period of time, accomplished pursuant to an order issued under ORS 468A.273
 40 or 468A.274.

41 (8) "Deficit" means a unit of measure generated when a fuel with a carbon intensity that is more
 42 than the applicable low carbon fuel standard is produced, imported or dispensed for use in Oregon,
 43 such that one deficit is equal to one metric ton of carbon dioxide equivalent.

44 [(9) "*Greenhouse gas*" has the meaning given that term in ORS 468A.210.]

45 [(10)] (9) "Low carbon fuel standard" means a standard adopted by the commission by rule under

1 ORS 468A.266 for the reduction of greenhouse gas emissions, on average, per unit of fuel energy.

2 [(11)] (10) “Motor vehicle” has the meaning given that term in ORS 801.360.

3 [(12)] (11) “Regulated party” means a person responsible for complying with the low carbon fuel
4 standards.

5 [(13)] (12) “Small deficit” means a net deficit balance at the end of a compliance period, after
6 retirement of all credits held by a regulated party, that does not exceed a percentage set by the
7 commission by rule of the total number of deficits that the regulated party generated for a compli-
8 ance period and that may not be greater than 10 percent of the total number of deficits that the
9 regulated party generated for a compliance period.

10 **SECTION 17.** ORS 468A.279 is amended to read:

11 468A.279. (1) As used in this section,[:]

12 [(a)] “Greenhouse gas” has the meaning given that term in ORS 468A.210.]

13 [(b)] “motor vehicle” has the meaning given that term in ORS 801.360.

14 (2) The Environmental Quality Commission may adopt by rule standards and requirements de-
15 scribed in this section to reduce greenhouse gas emissions.

16 (3)(a) The commission may adopt requirements to prevent the tampering, alteration and modifi-
17 cation of the original design or performance of motor vehicle pollution control systems.

18 (b) Before adopting requirements under this section, the commission shall consider the anti-
19 tampering requirements and exemptions of the State of California.

20 (4) The commission may adopt requirements for motor vehicle service providers to check and
21 inflate tire pressure according to the tire manufacturer’s or motor vehicle manufacturer’s recom-
22 mended specifications, provided that the requirements:

23 (a) Do not apply when the primary purpose of the motor vehicle service is fueling vehicles; and

24 (b) Do not require motor vehicle service providers to purchase equipment to check and inflate
25 tire pressure.

26 (5) The commission may adopt restrictions on engine use by commercial ships while at port, and
27 requirements that ports provide alternatives to engine use such as electric power, provided that:

28 (a) Engine use shall be allowed when necessary to power mechanical or electrical operations if
29 alternatives are not reasonably available;

30 (b) Engine use shall be allowed when necessary for reasonable periods due to emergencies and
31 other considerations as determined by the commission; and

32 (c) The requirements must be developed in consultation with representatives of Oregon ports
33 and take into account operational considerations, operational agreements, international protocols
34 and limitations, the ability to fund the purchase and use of electric power equipment and the po-
35 tential effect of the requirements on competition with other ports.

36 (6) In adopting rules under this section, the commission shall evaluate:

37 (a) Safety, feasibility, net reduction of greenhouse gas emissions and cost-effectiveness;

38 (b) Potential adverse impacts to public health and the environment, including but not limited to
39 air quality, water quality and the generation and disposal of waste in this state;

40 (c) Flexible implementation approaches to minimize compliance costs; and

41 (d) Technical and economic studies of comparable greenhouse gas emissions reduction measures
42 implemented in other states and any other studies as determined by the commission.

43 (7) The provisions of this section do not apply to:

44 (a) Motor vehicles registered as farm vehicles under the provisions of ORS 805.300.

45 (b) Farm tractors, as defined in ORS 801.265.

1 (c) Implements of husbandry, as defined in ORS 801.310.

2 (d) Motor trucks, as defined in ORS 801.355, used primarily to transport logs.

3 **SECTION 18.** ORS 468A.280 is amended to read:

4 468A.280. (1) In addition to any registration and reporting that may be required under ORS
5 468A.050, the Environmental Quality Commission by rule may require registration and reporting by:

6 (a) Any person who imports, sells, allocates or distributes for use in this state electricity, the
7 generation of which emits greenhouse gases.

8 (b) Any person who imports, sells or distributes for use in this state fossil fuel that generates
9 greenhouse gases when combusted.

10 (2) Rules adopted by the commission under this section for electricity that is imported, sold, al-
11 located or distributed for use in this state may require reporting of information necessary to deter-
12 mine greenhouse gas emissions from generating facilities used to produce the electricity and related
13 electricity transmission line losses.

14 (3)(a) The commission shall allow consumer-owned utilities, as defined in ORS 757.270, to comply
15 with reporting requirements imposed under this section by the submission of a report prepared by
16 a third party. A report submitted under this paragraph may include information for more than one
17 consumer-owned utility, but must include all information required by the commission for each indi-
18 vidual utility.

19 (b) For the purpose of determining greenhouse gas emissions related to electricity purchased
20 from the Bonneville Power Administration by a consumer-owned utility, as defined in ORS 757.270,
21 the commission may require only that the utility report:

22 (A) The number of megawatt-hours of electricity purchased by the utility from the Bonneville
23 Power Administration, segregated by the types of contracts entered into by the utility with the
24 Bonneville Power Administration; and

25 (B) The percentage of each fuel or energy type used to produce electricity purchased under each
26 type of contract.

27 (4)(a) Rules adopted by the commission pursuant to this section for electricity that is purchased,
28 imported, sold, allocated or distributed for use in this state by an electric company, as defined in
29 ORS 757.600, must be limited to the reporting of:

30 (A) Greenhouse gas emissions emitted from generating facilities owned or operated by the elec-
31 tric company;

32 (B) Greenhouse gas emissions emitted from transmission equipment owned or operated by the
33 electric company;

34 (C) The number of megawatt-hours of electricity purchased by the electric company for use in
35 this state, including information, if known, on:

36 (i) The seller of the electricity to the electric company; and

37 (ii) The original generating facility fuel type or types; and

38 (D) An estimate of the amount of greenhouse gas emissions, using default greenhouse gas emis-
39 sions factors established by the commission by rule, attributable to:

40 (i) Electricity purchases made by a particular seller to the electric company;

41 (ii) Electricity purchases from an unknown origin or from a seller who is unable to identify the
42 original generating facility fuel type or types;

43 (iii) Electricity purchases for which a renewable energy certificate under ORS 469A.130 has
44 been issued but subsequently transferred or sold to a person other than the electric company;

45 (iv) Electricity transmitted for others by the electric company; and

1 (v) Total energy losses from electricity transmission and distribution equipment owned or oper-
 2 ated by the electric company.

3 (b) Pursuant to paragraph (a) of this subsection, a multijurisdictional electric company may rely
 4 upon a cost allocation methodology approved by the Public Utility Commission for reporting emis-
 5 sions allocated in this state.

6 (5) Rules adopted by the commission under this section for fossil fuel that is imported, sold or
 7 distributed for use in this state may require reporting of the type and quantity of the fuel and any
 8 additional information necessary to determine the carbon content of the fuel. For the purpose of
 9 determining greenhouse gas emissions related to liquefied petroleum gas, the commission shall allow
 10 reporting using publications or submission of data by the American Petroleum Institute but may
 11 require reporting of such other information necessary to achieve the purposes of the rules adopted
 12 by the commission under this section.

13 (6) To an extent that is consistent with the purposes of the rules adopted by the commission
 14 under this section, the commission shall minimize the burden of the reporting required under this
 15 section by:

16 (a) Allowing concurrent reporting of information that is also reported to another state agency;

17 (b) Allowing electronic reporting;

18 (c) Allowing use of good engineering practice calculations in reports, or of emission factors
 19 published by the United States Environmental Protection Agency;

20 (d) Establishing thresholds for the amount of specific greenhouse gases that may be emitted or
 21 generated without reporting;

22 (e) Requiring reporting by the fewest number of persons in a fuel distribution system that will
 23 allow the commission to acquire the information needed by the commission; or

24 (f) Other appropriate means and procedures determined by the commission.

25 [(7) As used in this section, "greenhouse gas" has the meaning given that term in ORS
 26 468A.210.]

27 **SECTION 19.** ORS 757.357 is amended to read:

28 757.357. (1) As used in this section:

29 (a) "Electric company" has the meaning given that term in ORS 757.600.

30 (b) "Transportation electrification" means:

31 (A) The use of electricity from external sources to provide power to all or part of a vehicle;

32 (B) Programs related to developing the use of electricity for the purpose described in subpara-
 33 graph (A) of this paragraph; and

34 (C) Infrastructure investments related to developing the use of electricity for the purpose de-
 35 scribed in subparagraph (A) of this paragraph.

36 (c) "Vehicle" means a vehicle, vessel, train, boat or any other equipment that is mobile.

37 (2) The Legislative Assembly finds and declares that:

38 (a) Transportation electrification is necessary to reduce petroleum use, achieve optimum levels
 39 of energy efficiency and carbon reduction, meet federal and state air quality standards, *[meet this*
 40 *state's greenhouse gas emissions reduction goals described in ORS 468A.205]* **prevent exceedance**
 41 **of the statewide greenhouse gas emissions limits established under section 4 of this 2020 Act**
 42 and improve the public health and safety;

43 (b) Widespread transportation electrification requires that electric companies increase access to
 44 the use of electricity as a transportation fuel;

45 (c) Widespread transportation electrification requires that electric companies increase access to

1 the use of electricity as a transportation fuel in low and moderate income communities;

2 (d) Widespread transportation electrification should stimulate innovation and competition, pro-
 3 vide consumers with increased options in the use of charging equipment and in procuring services
 4 from suppliers of electricity, attract private capital investments and create high quality jobs in this
 5 state;

6 (e) Transportation electrification and the purchase and use of electric vehicles should assist in
 7 managing the electrical grid, integrating generation from renewable energy resources and improving
 8 electric system efficiency and operational flexibility, including the ability of an electric company to
 9 integrate variable generating resources;

10 (f) Deploying transportation electrification and electric vehicles creates the opportunity for an
 11 electric company to propose, to the Public Utility Commission, that a net benefit for the customers
 12 of the electric company is attainable; and

13 (g) Charging electric vehicles in a manner that provides benefits to electrical grid management
 14 affords fuel cost savings for vehicle drivers.

15 (3) The Public Utility Commission shall direct each electric company to file applications, in a
 16 form and manner prescribed by the commission, for programs to accelerate transportation
 17 electrification. A program proposed by an electric company may include prudent investments in or
 18 customer rebates for electric vehicle charging and related infrastructure.

19 (4) When considering a transportation electrification program and determining cost recovery for
 20 investments and other expenditures related to a program proposed by an electric company under
 21 subsection (3) of this section, the commission shall consider whether the investments and other
 22 expenditures:

23 (a) Are within the service territory of the electric company;

24 (b) Are prudent as determined by the commission;

25 (c) Are reasonably expected to be used and useful as determined by the commission;

26 (d) Are reasonably expected to enable the electric company to support the electric company's
 27 electrical system;

28 (e) Are reasonably expected to improve the electric company's electrical system efficiency and
 29 operational flexibility, including the ability of the electric company to integrate variable generating
 30 resources; and

31 (f) Are reasonably expected to stimulate innovation, competition and customer choice in electric
 32 vehicle charging and related infrastructure and services.

33 (5)(a) Tariff schedules and rates allowed pursuant to subsection (3) of this section:

34 (A) May allow a return of and a return on an investment made by an electric company under
 35 subsection (3) of this section; and

36 (B) Shall be recovered from all customers of an electric company in a manner that is similar to
 37 the recovery of distribution system investments.

38 (b) A return on investment allowed under this subsection may be earned for a period of time
 39 that does not exceed the depreciation schedule of the investment approved by the commission. When
 40 an electric company's investment is fully depreciated, the commission may authorize the electric
 41 company to donate the electric vehicle charging infrastructure to the owner of the property on
 42 which the infrastructure is located.

43 (6) For purposes of ORS 757.355, electric vehicle charging infrastructure provides utility service
 44 to the customers of an electric company.

45 (7) In authorizing programs described in subsection (3) of this section, the commission shall re-

1 view data concerning current and future adoption of electric vehicles and utilization of electric ve-
2 hicle charging infrastructure. If market barriers unrelated to the investment made by an electric
3 company prevent electric vehicles from adequately utilizing available electric vehicle charging
4 infrastructure, the commission may not permit additional investments in transportation
5 electrification without a reasonable showing that the investments would not result in long-term
6 stranded costs recoverable from the customers of electric companies.

7 **SECTION 20.** ORS 757.528 is amended to read:

8 757.528. (1) Unless modified by rule by the State Department of Energy as provided in this sec-
9 tion, the greenhouse gas emissions standard that applies to consumer-owned utilities is 1,100 pounds
10 of greenhouse gases per megawatt-hour for a generating facility.

11 (2) Unless modified pursuant to subsection (4) of this section, the greenhouse gas emissions
12 standard includes only carbon dioxide emissions.

13 (3) For purposes of applying the emissions standard to cogeneration facilities, the department
14 shall establish an output-based methodology to ensure that the calculation of emissions of
15 greenhouse gases for cogeneration facilities recognizes the total usable energy output of the process
16 and includes all greenhouse gases emitted by the facility in the production of both electrical and
17 thermal energy.

18 (4) The department shall review the greenhouse gas emissions standard established under this
19 section no more than once every three years. After public notice and hearing, and consultation with
20 the Public Utility Commission, the department may:

21 (a) Modify the emissions standard to include other greenhouse gases as defined in ORS
22 [468A.210] **468A.005**, with the other greenhouse gases expressed as their carbon dioxide equivalent;
23 and

24 (b) Modify the emissions standard based upon current information on the rate of greenhouse gas
25 emissions from a commercially available combined-cycle natural gas generating facility that:

26 (A) Employs a combination of one or more gas turbines and one or more steam turbines and
27 produces electricity in the steam turbines from waste heat produced by the gas turbines;

28 (B) Has a heat rate at high elevation within the boundaries of the Western Electricity Coordin-
29 ating Council; and

30 (C) Has a heat rate at ambient temperatures when operating during the hottest day of the year.

31 (5) In modifying the greenhouse gas emissions standard, the department shall:

32 (a) Use an output-based methodology to ensure that the calculation of greenhouse gas emissions
33 through cogeneration recognizes the total usable energy output of the process and includes all
34 greenhouse gases emitted by the generating facility in the production of both electrical and thermal
35 energy; and

36 (b) Consider the effects of the emissions standard on system reliability and overall costs to
37 electricity consumers.

38 (6) If upon a review conducted pursuant to subsection (4) of this section, the department deter-
39 mines that a mandatory greenhouse gas emissions limit has been established pursuant to state or
40 federal law, the department shall issue a report to the appropriate legislative committees of the
41 Legislative Assembly stating which portions, if any, of the greenhouse gas emissions standard are
42 no longer necessary as a matter of state law.

43 **SECTION 21.** ORS 184.621 is amended to read:

44 184.621. The Oregon Transportation Commission shall work with stakeholders to review and
45 update the criteria used to select projects within the Statewide Transportation Improvement Pro-

1 gram. When revising the project selection criteria, the commission shall consider whether the
2 project:

3 (1) Improves the state highway system or major access routes to the state highway system on
4 the local road system to relieve congestion by expanding capacity, enhancing operations or other-
5 wise improving travel times within high-congestion corridors.

6 (2) Enhances the safety of the traveling public by decreasing traffic crash rates, promoting the
7 efficient movement of people and goods and preserving the public investment in the transportation
8 system.

9 (3) Supports improvements necessary for Oregon's economic growth and competitiveness, acces-
10 sibility to industries and economic development.

11 (4) Provides the greatest benefit in relation to project costs as analyzed under ORS 184.659.

12 (5) Fosters livable communities by demonstrating that the investment does not undermine
13 sustainable urban development.

14 (6) Enhances the value of transportation projects through designs and development that reflect
15 environmental stewardship and community sensitivity.

16 (7) Is consistent with [*the state's greenhouse gas emissions reduction goals*] **section 4 of this 2020**
17 **Act** and reduces Oregon's dependence on foreign oil.

18 (8) To the extent practicable, ensures that the state's transportation infrastructure is resilient
19 in the event of a natural disaster.

20 (9) Is located near operations conducted for mining aggregate or processing aggregate as de-
21 scribed in ORS 215.213 (2)(d) or 215.283 (2)(b).

22 **SECTION 22. ORS 468A.200 to 468A.260 are added to and made a part of ORS chapter**
23 **468A.**

24
25 **CAPTIONS**

26
27 **SECTION 23. The unit captions used in this 2020 Act are provided only for the conven-**
28 **ience of the reader and do not become part of the statutory law of this state or express any**
29 **legislative intent in the enactment of this 2020 Act.**

30
31 **EMERGENCY CLAUSE**

32
33 **SECTION 24. This 2020 Act being necessary for the immediate preservation of the public**
34 **peace, health and safety, an emergency is declared to exist, and this 2020 Act takes effect**
35 **on its passage.**

36 _____